



Connecticut Restaurant Association Testimony

Before the General Law Committee

February 28, 2012

HB 5021: An Act Concerning Competitive Liquor Pricing and Hours of Operation for Permittees.

Good afternoon Chairman Doyle, Chairman Taborsak and Members of the General Law Committee. My name is Bill daSilva and I am the Chairman of the Board of the CT Restaurant Association as well as a partner in the SBC Restaurant Group, with locations in Branford, Hamden, Milford, Southport, Stratford and Stamford.

Restaurants in Connecticut employ over 145,000 people, are a driving force in the state's economy and generate tremendous tax revenue. The restaurant industry operates on extremely thin profit margins, earning roughly 4 cents in profit for every \$1 in sales. Any increase to our costs, especially following the passage of mandatory paid sick leave and increased unemployment costs, will undoubtedly damage an already fragile industry.

When HB 5021 was initially proposed by Governor Malloy, the CRA had specific concerns regarding the elimination of the current price posting system for wholesalers, as well as a proposal to allow the wholesalers to offer quantity discounts to the retailers and restaurants when purchasing alcohol and beer. The CRA was concerned that these proposals could potentially increase the price of alcohol for restaurants for two reasons: 1) without a published price, wholesalers would have the ability to charge any price, and 2) allowing quantity discounts would give a greater benefit to big box stores that have the ability to buy in much larger quantities than restaurants.

The CRA has discussed these concerns with the Governor's Office as well as members of the General Law Committee. The Governor's Office has indicated a willingness to alleviate our concerns and we ask that the General Law Committee consider the same. Our suggestions to do so are as follows:

- Maintain the current price posting system that requires wholesalers to publish their prices
- Establish a "channel pricing" structure; on-premise establishments will compete in a separate channel than off-premise retailers with regard to purchasing alcohol and any quantity discounts.

We thank you for the opportunity to present testimony.